



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-19, Michigan Cities Income Tax Withholding

Date: June 5, 2006

To: Holders of TAXES (State of Michigan only)  
Personnel User Groups  
T&A Contact Points in Michigan

Beginning with wages paid for Pay Period 11, the National Finance Center (NFC) will make the following changes to Michigan cities income tax withholdings:

- The annual exemption allowance for Saginaw, Michigan, will decrease from \$1,000 to \$750. The maximum annual tax rate will remain 1.5 percent for residents and .75 percent for nonresidents.
- The annual exemption allowance for Detroit, Michigan, will decrease from \$750 to \$600. The maximum annual tax rate will remain 2.50 percent for residents and 1.25 percent for nonresidents.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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# Michigan Cities Income Tax Information

## Withholding Formula ►(Effective Pay Period 11, 2006)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1 to obtain the adjusted gross biweekly wages.
3. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
4. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to obtain the taxable income.

Exemption Allowance = \$<sup>1</sup> x Number of Exemptions

|              |           |                             |
|--------------|-----------|-----------------------------|
| <sup>1</sup> | \$ 600 –  | Flint, Lansing, and Pontiac |
|              | \$ 750 –  | Battle Creek                |
| ►            | \$ 600 –◄ | Detroit                     |
|              | \$ 750 –  | Grand Rapids                |
| ►            | \$ 750 –◄ | Saginaw                     |

5. Apply the taxable income to the following guideline to calculate the Michigan city income tax withholding.

### Compute the City Income Tax Withholding For:

### By Multiplying the Taxable Income By:

|              | State/City<br>Code: | Resident<br>Percentage | Nonresident<br>Percentage | City Tax Status (Duty<br>Station=DS<br>Residence=R) |
|--------------|---------------------|------------------------|---------------------------|---|
| Battle Creek | 26/0310             | 1.0                    | 0.50                      | DS, R   |
| Detroit      | 26/1260             | 2.5                    | 1.25                      | DS, R   |
| Flint        | 26/1730             | 1.0                    | 0.50                      | DS, R   |
| Grand Rapids | 26/2010             | 1.3                    | 0.65                      | DS, R   |
| Lansing      | 26/2700             | 1.0                    | 0.50                      | DS, R   |
| Pontiac      | 26/4020             | 1.0                    | 0.50                      | DS, R   |
| Saginaw      | 26/4350             | 1.5                    | 0.75                      | DS, R   |

**Note:** City tax is mandatory unless otherwise stated.

6. Divide the annual Michigan city income tax withholding by 26 to obtain the biweekly Michigan city income tax withholding.